The National Battlefields Commission
Quarterly Financial Report
For the quarter ended December 31, 2012

Statement outlining results, risks and significant changes in operations, personnel and programs

Introduction

The National Battlefields Commission Mandate

The Commission was established in 1908 under the *Act respecting the National Battlefields in Quebec*.

The Commission is a departmental corporation named in Schedule II of the *Financial Administration Act*.

The Commission's mandate is to ensure that all the cultural, recreational and natural resources of the Battlefields Park are developed in the best interest of Canadians and that the image of the Government of Canada is strengthened without compromising the historic character of the site. To achieve that goal, the Commission will acquire, preserve and develop the great historic battlefields in Quebec. In addition to Internal Services, the National Battlefields Commission has two program activities: « Conservation and Development » and « Public Education and Services ».

Further information on the mandate, roles, responsibilities and programs of The National Battlefields Commission can be found in the National Battlefields Commission *2012-2013 Main Estimates*, available on the following website: http://www.tbs-sct.gc.ca/est-pre/20122013/me-bpd/me-bpd-eng.pdf page 77.

This quarterly financial report:

- should be read in conjunction with the *2012-2013 Main Estimates* and *Canada's Economic Action Plan 2012*;
- has been prepared by management of The National Battlefields Commission as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board;
- has not been subject to an external audit or review.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Commission's spending authorities granted by Parliament and used by the Commission consistent with the Main Estimates for the 2012-2013 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

When Parliament is dissolved for the purposes of a general election, section 30 of the Financial Administration Act authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

The Commission uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

Basis of Presentation (continued)

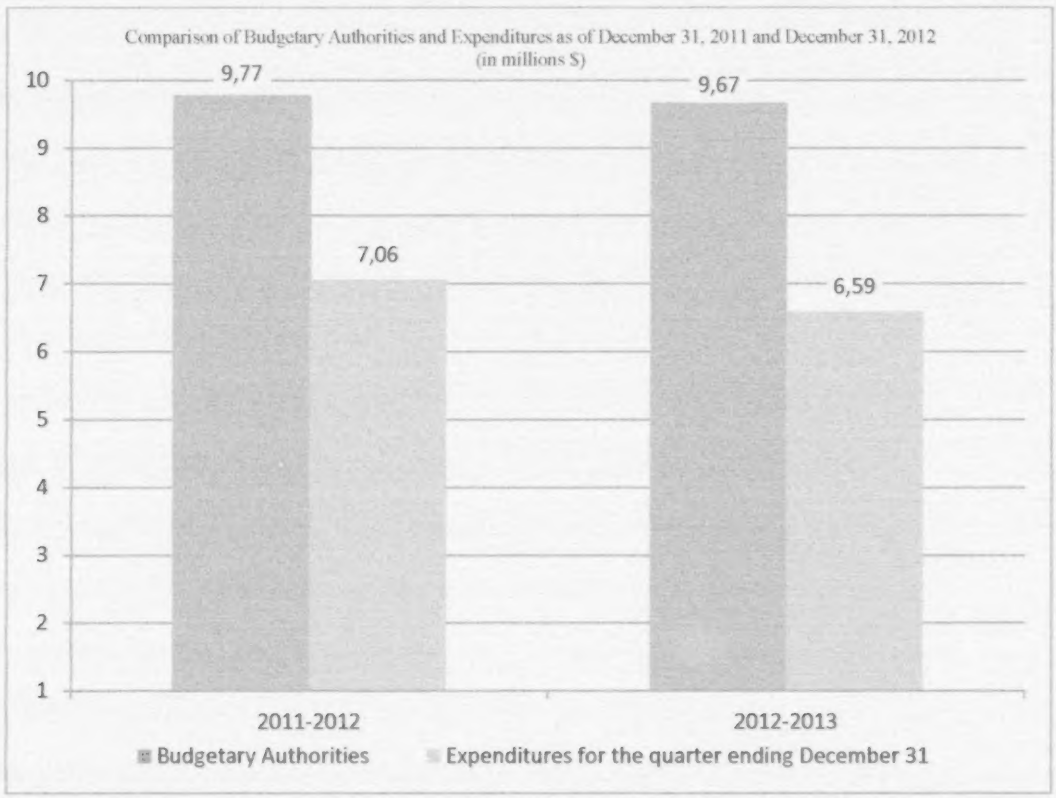
As part of the Parliamentary business of supply, the Main Estimates must be tabled in Parliament on or before March 1 preceding the new fiscal year. Budget 2012 was tabled in Parliament on March 29, after the tabling of the Main Estimates on February 28, 2012. As a result the measures announced in the Budget 2012 could not be reflected in the 2012-2013 Main Estimates.

In fiscal year 2012-2013, frozen allotments will be established by Treasury Board authority in departmental votes to prohibit the spending of funds already identified as savings measures in Budget 2012. In future years, the changes to departmental authorities will be implemented through the Annual Reference Level Update, as approved by Treasury Board, and reflected in the subsequent Main Estimates tabled in Parliament.

Highlights of fiscal quarter and fiscal year to date (YTD) results

This section highlights the significant items that contributed to the net decrease in resources available for the year and actual expenditures for the quarter ended December 31, 2012.

Graph 1 :



Graph 1 outlines the budgetary authorities which represent the resources available for use for the year as of December 31.

Authorities' analysis

As at December 31, 2012, total authorities available for the year were down $0.1 million from the same quarter of the prior year, from $9.77 million to $9.67 million. This decrease was mainly due to a reduction in statutory revenues ($0.075 million) and a decrease in the operating budget carry forward ($0.017 million) as well as a reduction in the employee benefit plan (EBP) ($0.009 million).

Budgetary expenditures analysis

Compared to the previous year, total budgetary expenditures recorded at the end of the quarter, ending December 31, 2012 fell from $7.06 million to $6.59 million as per the Table of departmental budgetary expenditures by Standard Object. This $0.47 million decrease represents a reduction of 7% and is the combined result of some favourable and unfavourable variances of the last three quarters.

The most important declines relate to *Acquisition of land, buildings and works* ($609,532) primarily because of road repairing carried out in 2011-2012 and *Purchased repair and maintenance* ($265,189) due mainly to expenses related to the strengthening of the cliff and to the lawn contract.

As for the increased spending in 2012-2013, the most important increase relates to *Utilities, materials and supplies* ($255,959) due in large part to the electricity expenses that have not yet been reimbursed by our partners and an augmentation in maintenance costs such as the repointing of a stone chimney. Furthermore, there was an increase in *Professional and special services* ($154,817) due primarily to the cleaning of the cliff and to the design and creation of the new exhibition at the Martello tour 1.

Risks and Uncertainties

This Departmental Quarterly Financial Report reflects the results of the current fiscal period in relation to the Main Estimates for which full supply was released on June 29, 2012.

Budget 2010 announced that the operating budgets of departments would be frozen at their 2010-11 levels for the fiscal years 2011-12 and 2012-13 and that departments would not be funded for salary increases for those years. The National Battlefields Commission should be able to accommodate the reduction in funding without significantly impacting its ongoing operations.

Significant changes in relation to operations, personnel and programs

At its meeting last June 13, the board of directors adopted a motion to provide the organization with a new administrative structure, in the wake of the assistant secretary's retirement.

Budget 2012 Implementation

This section provides an overview of the savings measures announced in Budget 2012 that will be implemented in order to refocus government and programs; make it easier for Canadians and businesses to deal with their government; and, modernize and reduce the back office.

Budget 2012 announced that the National Battlefields Commission would save $800,000 (rounded) by 2014-2015, under government initiatives to reduce the deficit.

Here, more specifically, is how the Commission plans to achieve the reduction objective and cut its budget by 10% over two fiscal years for a total saving of $755,000. It is important to note that the Commission will not decrease the services it offers the public. Instead, it will draw from its capital budget and use the current reorganization to rationalize its workforce.

The recent decision by the Québec Port Authority to terminate the agreement to operate and run Brown Basin (unrelated to the budget) will allow the Commission to shrink its human resources investment there. The position of development and environment advisor will not be maintained with the incumbent's departure. The currently vacant mason position will not be filled either. Including benefits, about $156,000 will be saved, beginning in 2012-2013.

A review of certain operating budget items indicates that there is very little flexibility, allowing only for a possible reduction in long-term investment in non-recurring special projects. About $599,000 will be cut, starting in fiscal 2013-2014.

It goes without saying that these budget cuts are significant. The Commission wished to limit the impact on employees and the public as much as possible, but various projects, including infrastructure renewal, will have to be spread over a greater number of years. Be that as it may, the Commission is maintaining its objectives with regard to conserving and enhancing its territory. Urgent priority work will go on and an effort will be made to minimize safety risks to users and keep facilities in compliance.

Approval by Senior Officials

Approved by:

The original version was signed by:
André Beaudet, Secretary – Director General

The original version was signed by :
Paule Veilleux, Director of administration

Québec, Canada
February 1, 2013

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(In thousands of dollars)	Fiscal year 2012-2013			Fiscal year 2011-2012		
	Total available for use for the year ending March 31, 2013 * **	Used during the quarter ended December 31, 2012	Year to date used at quarter end	Total available for use for the year ending March 31, 2012	Used during the quarter ended December 31, 2011	Year to date used at quarter end
Program expenditures	7 504	1 247	5 032	7 521	962	5 495
Contributions to employee benefit plans	398	100	298	407	102	305
Expenditures pursuant to subsection 29.1(1) of the Financial Administration Act	1 763	392	1 263	1 838	354	1 255
Total authorities	9 665	1 739	6 593	9 766	1 418	7 055

* Includes only Authorities available for use and granted by Parliament at quarter end.

** Total available for use does not reflect measures announced in Budget 2012.

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(in thousands of dollars)	Fiscal year 2012-2013			Fiscal year 2011-2012		
	Planned expenditures for the year ending March 31, 2013 *	Expended during the quarter ended December 31, 2012	Year to date used at quarter end	Planned expenditures for the year ending March 31, 2012	Expended during the quarter ended December 31, 2011	Year to date used at quarter end
Expenditures:						
Personnel	2 659	854	2 967	2 669	887	3 016
Transportation and communications	150	37	86	223	27	83
Information	350	57	151	350	29	178
Professional and special services	730	214	531	700	123	375
Rentals	248	16	57	120	15	54
Puchased repair and maintenance	900	241	411	929	192	676
Utilities, materials and supplies	1 000	297	641	800	53	385
Acquisition of land, buildings and works	795	5	5	975	73	615
Acquisition of machinery and equipment	233	16	47	-	19	46
Transfer payments	-	-	-	-	-	-
Public debt charges	-	-	-	-	-	-
Other subsidies and payments	2 600		1 697	3 000	-	1 627
Total Expenditures	9 665	1 739	6 593	9 766	1 418	7 055

* Planned expenditures do not reflect measures announced in Budget 2012.